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Ontario Business Will Benefit From New Tax Collection Agreement

Related document:

- Memorandum of Agreement Concerning a Single Administration of Ontario Corporate Tax

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Businesses throughout Ontario will benefit from one tax return, one set of rules and one point of contact as a result of a corporate income tax collection agreement signed today by Canada's New Government and the Government of Ontario.

"By moving to a single corporate tax collector, we are slashing red tape and reducing up to $100 million in annual compliance costs for Ontario businesses," said the Honourable Jim Flaherty, Minister of Finance. "This agreement means businesses can spend more time focusing on expanding their facilities and markets in this highly competitive global marketplace."

Minister Flaherty and the Honourable Greg Sorbara, Minister of Finance of Ontario, today signed a Memorandum of Agreement, under which the federal government would collect and administer Ontario's corporate income tax. Under the agreement, businesses would make combined payments starting in 2008 and file a single return beginning in 2009 for taxation years ending after December 31, 2008.

"Businesses have been asking us to reduce administrative overlap and duplication," Minister Sorbara said. "When governments work together, we can improve efficiency and help businesses free up resources that they can then invest in creating jobs. That, in turn, creates a stronger, more productive economy, which benefits all Ontarians."

This agreement will reduce compliance costs for businesses and enable the Canada Revenue Agency (CRA) to streamline service and reduce administrative costs. Benefits to Ontario businesses will include:

- A single tax form.
- A single tax collector. The CRA will collect both federal and Ontario corporate income tax and administer the province's capital tax.
- One set of income tax rules.

The federal government already collects corporate income tax for seven provinces and three territories. Provisions in the agreement signed today, such as Canada's enhanced enforcement efforts in the areas of provincial income allocation and interprovincial tax avoidance, will benefit these provinces and territories.

"Consolidating corporate tax collection and auditing services is welcome news for the business community, and a move long called for by the Ontario Chamber of Commerce," said Len Crispino, President and CEO of the Ontario Chamber of Commerce. "Today's announcement will result in increased savings and efficiencies for both business and government, improving the competitive position of our province."

Copies of the Memorandum of Agreement are available on the Department of Finance website at www.fin.gc.ca/toce/2006/TxMOA_e.html.

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